

8 MAR 1988

MEMORANDUM FOR: Director of Research and Development

FROM: John M. Ray  
Director of Logistics

SUBJECT: Findings and Recommendations of PMR Team

1. The Procurement Management Review (PMR) team completed its review of the Office of Research and Development's Contracts Staff (ORD/CS) in September 1987. Its report, which is quite lengthy, includes general recommendations for improving the entire Agency procurement system and recommendations that specifically apply to ORD. The Office of Logistics (OL) is reviewing those recommendations which will enhance the entire procurement system and will take appropriate actions. It is requested that you review and consider the attached recommendations which apply specifically to ORD.

2. The final draft of the full PMR report was reviewed with  Chief, CS/ORD. I believe that, working together, ORD and OL can appreciably improve the procurement process while satisfying Federal procurement laws and still respond to ORD requirements.

25X1

3. This review of the ORD contracting effort is one of the first formal surveys conducted by OL. I want to express my thanks to senior ORD management for its cooperation during this review.

4. If you have any questions or comments concerning this matter, please contact me on

25X1

John M. Ray

Attachment:  
PMR Recommendations



OL 5004-88

STAT

~~CONFIDENTIAL~~

SUBJECT: Findings and Recommendations of the PMR Team

Distribution:

Orig - Addressee, w/att  
1 - OL/PMS Official, w/att  
1 - C/PMS/DS&T, w/att  
1 - ORD/CS, w/att  
~~1 - OL Files, w/att~~  
1 - OL/PMS Chrono, w/o att

OL/PMS  (3 Feb 88)

25X1

C O N F I D E N T I A L

Finding

There has been significant growth in ORD contracting activity during recent years. ORD/CS resources have not kept pace with this growth.

Discussion

ORD/CS contracting activity has grown from 186 funded actions valued at [ ] in FY 1983 to 255 actions valued at [ ] in FY 1987. This increased activity, plus the emphasis on competitive procurement, the heavy involvement of ORD/CS in ORD procurement planning and approval process, and its role in COTR training program, has caught up with the staff to the point that the administrative and settlement function have been impacted.

Recommendation

It is recommended that an experienced journeyman negotiator be added to ORD/CS.

Finding

The CSA assigned to ORD/CS has never had any formal contracting training.

Discussion

The CSA's duties involve performing routine contract administrative duties. Like most CSAs on decentralized teams, the CSA assigned to ORD/CS is an ORD careerist with no previous contracting experience.

Recommendation

It is recommended that the CSA be enrolled in a basic contract administration course and that ORD/CS adhere to the training program currently planned for her in FY 1988.

Finding

The OS careerist assigned to ORD is responsible for both industrial security, ORD area security, and Ames Building security.

### Discussion

Except for ORD, ISOs assigned to Agency decentralized contracting teams do not have responsibility for the components physical security. The duties and responsibilities of an ISO are such that industrial security requires his/her full attention. Having one individual perform both industrial and physical security increases the potential for a serious security breach.

### Recommendation

It is recommended that OS assign a career SO to ORD to handle physical security matters.

### Finding

ORD/CS made only seven competitive awards in FY 1986.

### Discussion

Only 7.5 percent of the 93 new contracts awarded by ORD/CS in FY 1986 were competitive. This number is considerably below the average number of competitive awards made by other Agency procurement units. The number of competitive awards projected for FY 1987 will far exceed their FY 1986 record.

### Recommendation

It is recommended that ORD establish and maintain goals for competitive awards, as requested by the D/L.

### Finding

Most of the procurement requests submitted by ORD program managers are issued during the last 6 months of the fiscal year.

### Discussion

There is a concentrated effort throughout the Government to commit contract funding evenly during a fiscal year. This mandate to commit funds in this manner is mandated by Congress and was implemented in the Agency through [redacted] ORD's record in this regard has been poor. During September, the last month of the fiscal year 1986, ORD issued 85 procurement requests. This trend will apparently repeat itself in FY 1987 since only 16 new contracts were awarded by ORD/CS as of 6 May 1987.

### Recommendation:

It is recommended that ORD submit procurement requests on a more even basis during the fiscal year. The heavy yearend spending

by ORD could be alleviated if it would adhere to the cutoff dates for procurement requests established in the HN issued annually by the DDA.

### Findings

The 6 May 1987 CONIF report lists 326 active ORD/CS contracts. The target delivery dates of 234 of these contracts have passed. Exhibit G shows the number of active contracts with past due delivery dates in each calendar year since 1980. Sixty-one of these contracts with target dates past due are FFP-LOE types and, in many cases, the contractors have been paid in full or very nearly the full amount of the contract.

### Discussion

Each month CONIF provides the Agency contract teams with a Delinquent Inspection Report which lists those contracts that have stipulated dates on which a COTR is to report on the progress of his contractors. If no inspection report is received on the stipulated date, then CONIF reports it as delinquent. Each contract has a specified target date for completion. When work is completed, the COTR is to submit a final inspection report, confirming that all deliverable items have been received and accepted and indicating the quality of the contractor's work. If a final inspection report is not received by the target date specified in the contract and recorded in CONIF, then CONIF will report the completion of the contract as "Target Date Passed".

Because of the lack of resources and the increased contracting activity in ORD during the past two years, no formal procedure was followed for soliciting periodic or final inspection reports from COTRs. Two of the ORD/CS negotiators stated that they attempted to establish a tracking system but, because of the number of new contract actions coming in, they were never able to maintain such a system. For a while, one negotiator took to hand-carrying blank inspection report forms and standing over the delinquent COTR until he completed the form. More recently, ORD/CS sent lists of past due contracts to all ORD division chiefs, requesting that final inspection reports be submitted for past due contracts or, if work was not yet completed, an interim inspection report (Exhibit H). These lists were handed out to the division chiefs at a D/ORD staff meeting by the C/CS/ORD.

The importance of a COTR reporting on the contracts for which he is responsible and his submission of periodic and eventually a final inspection report, certifying that the deliverables under a contract have been received, cannot be emphasized enough. As stated above, many contractors have been paid, some the full amount of the contract. Yet, in many ORD/CS contract files, there is no evidence that work was completed or deliverables received.

### Recommendations

It is recommended that:

a. ORD management insist that COTRs submit periodic contract inspection reports to ORD/CS and a final inspection report upon contract completion. Failure to comply should be noted in the COTR's PAR.

b. ORD management should notify ORD/CS when COTR changes are made. The ORD/CS can then advise CONIF of the change.

c. ORD/CS should establish and maintain a formal system for tracking delinquent inspection reports and contracts with past due delivery dates. If the ORD/COTR fails to respond to ORD/CS' request for an inspection report, it should be referred to ORD management for action.